**Collections
Initial Visioning Session
Meeting Notes
August 22, 2001**

Context for Change

- Where are we today?

- What are opportunities for improvement?

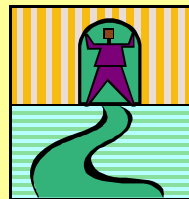- Why is this important?

Visioning Model

Current State

Challenges & Opportunities

2001

Step 1

Pathway to Action

How To Get There
From Here

Step 3

Target State

Where Collections
Wants To Be

Step 2

Initial Group Vision

- ❖ Spend more time on **program management and analysis**
- ❖ Manage processes/relationships with operating partners = **efficiency**
- ▪ Leads to **improved unit cost**
- ▪ **Better use of systems** – linkage
  - – Among different systems
  - – Access to the right information
- ❖ **Common Servicing to borrowers**
- ▪ **Focus on things inherently governmental**
- ❖ Leads to **employee satisfaction**
  - – Responsible for higher level decision-making
  - – Potentially higher grade positions
- ▪ Consider additional, **strategic outsourcing**
- ▪ Need to consider **essential skills**
- ▪ **Incent contractors on <u>results</u>** not number of widgets – drive the right behavior.
  - – Revise contracts

Potential Duplications

- **Hearings** – different types but similar functions
  - "A hearing is a hearing"
  - ISSUE: How to maintain competition among contractors? Rather than put all eggs in one basket – sole source
- **Focus role of the PICs** – Needs to deal with structure of PICs (address in common answers)
  - ISSUE: Struggles operationally (off-line Jennifer, Dena, Dianne)
- **In bound calls to regional offices**
  - ISSUE: Why callers don't want to talk to PICs? A lot of calls are systems related. Referrals. Relationships with offices. Phone numbers published in various sources – by design and past history.
- **Contract Services** – Skill base is the same, but activities with different contractors are very different…tied to the operating partners.
  - ISSUE: On-site monitors (COTR is here in DC) of PIC. Lack of performance incentives/or wrong incentives for PIC contractors.
    - Contract Monitoring
    - Technical Support
    - Management Analysis
  - Does this have to be in 3 regions?
    - Still need people to oversee contractors
  - Can we re-arrange what we do in the regions?

Potential Duplications

- **People want challenge**
- **Union would be OK if we change thru attrition and not down grade jobs**
- Have we looked at **HQ for staff reduction**? YES
- **IV&V –**Wouldn't need the people if systems were better. Function itself can go somewhere else.
- Can **move Loan Servicing to one region**
  - ISSUE: Do we need to find stuff for people to do? (NO) People currently do multiple functions.
- **Work Volume**
  - Anticipated - annual
  - Today we do whatever comes in
- **What are we doing that we don't need to do?**
  - How can we be proactive to be in control, so we don't have to deal with later?
  - We are doing "it" right, but are we doing the right things?
  - People do what the regulations say
    - Need to examine these – challenge where necessary

Potential Duplications

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- **Shift in <u>mindset</u>**
  - Job security tied to work volume
  - <u>Training</u> to dig in – determine what to do proactively, e.g. program management, auditing

- **San Francisco doesn't really have "contract servicing" per se**
  - Really deals with closed schools and loan discharges (Raytheon). Should probably be PIC or somewhere else. More analogous to hearings.
  - DUPLICATION: We're doing cursory review of decisions made by Raytheon on closed schools discharge. We should do statistical sampling.

- **What do the GAs have to be more proactive with?**

Potential Outsourcing

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- **SF doesn't really have "contract servicing" per se.** Really deals with closed schools and loan discharges (Raytheon). Should probably be PIC or somewhere else. More analogous to hearings.

Technology Considerations

- **Would like to have systems flexible – easy. Quick to change.**

- **Link the data to follow the "lifecycle" of the loan**

- **Easier, faster access - e.g. FFEL/NSLDS and timeliness to data**

- **System Contractor that's always looking at ways to improve the system**

- **More accessible management information/system with real portfolio management capability – business volume, workflow. Who's doing what? Information to proactively manage the business. Example - queries:**
  - Hearing status
  - Loan volume

- **Automation of processes**

Issues to Consider

- **Saturation Point** – at some point may need to bring in new blood
  - Explore work sharing/job sharing

- **Need to encourage retirement of the "right" people**

- **Focus on managing results/not just supervising people**
  - Allow people to work from home

- **Areas of duplication?**

- **Areas for additional outsourcing?**

- **PIC operations should be owned here**

Pathway to Action

Business Integration Approach	Short Term Plan	Medium Term Plan	Long Term Plan
Technology	• Recompose DMCS		
Process	• Map out hearing process (Matrix) • 10 Things can stop doing • Evaluate processes needed? • Create cross-region process team – quick hits – target an area • Identify manual processes for automation • Restructure PIC • Re-examine/validate regulations/policies		
Organization	• Manage attrition • Identify training opportunities • Cross-pollinate – identify people interested in other areas (e.g. SAA) • Solicit input • Create ways to contribute		

Action Items

What	Who	By When
❑ **Training Material**	• Freda	√
❑ **Matrix on Hearings** (Showing each region)	• Freda • Diane • Jane	September 19, 2001
❑ **Quick Hit – Reports** (Streamline number of reports)	• Terry - Atlanta • Gentry - Chicago • Mike Bible – San Francisco ➤ Contact Dick Wheeler on Consolidation experience	September 19, 2001
❑ **List of 10 Things we can stop doing**	• Gary – will solicit input from others	September 19, 2001
❑ **Set up next meeting**	• Sybil ➤ Will add Calvin Thomas/HR	TARGET: Monday, September 24 All Day